



City of Marietta
Meeting Minutes
BOARD OF LIGHTS AND WATER WORKS

205 Lawrence Street
Post Office Box 609
Marietta, Georgia 30061

William B. Dunaway, Chairman
James W. King, Vice Chairman
Bruce E. Coyle, Resident Member
Charles L. "Chuck" George, Resident Member
Arthur D. Vaughn, Resident Member
Harlon D. Crimm, Non-Resident Member
Alice Summerour, Non-Resident Member

Monday, May 9, 2005

12:00 PM

BLW Admin.-2nd Floor Board Room

Presiding: William B. Dunaway

Present: Bruce E. Coyle, Harlon D. Crimm, James W. King and Charles L. "Chuck" George

Absent: Arthur D. Vaughn and Alice Summerour

Also Present:

Philip M. Goldstein, Council - Ward 7

William F. Bruton, Jr., City Manager

Robert Lewis, Board Manager

Stephanie Guy, Deputy Board Clerk

CALL TO ORDER AND ROLL CALL:

Chairman William B. Dunaway called the meeting to order at 12:03 p.m.

I. MINUTES:

20050557 Regular Meeting - April 11, 2005

Review and approval of the April 11, 2005 regular meeting minutes.

A motion was made by Board member King, seconded by Board member George, that this matter be Approved. The motion carried by the following vote:

Vote: 5 - 0 - 0

Approved

20050385 Executive Session - March 7, 2005

Review and approval of the March 7, 2005 Executive Session minutes.

A motion was made by Board member Coyle, seconded by Board member King, that this matter be Approved. The motion carried by the following vote:

Vote: 5 - 0 - 0

Approved

II. APPOINTMENTS/PRESENTATIONS:

20050518 Municipal Electric Authority of Georgia (MEAG) Capacity Plans

Report on future capacity plans from Bob Johnston, President & CEO of the Municipal Electric Authority of Georgia (MEAG).

Board Manager Robert Lewis introduced Bob Johnston, President and CEO of

Municipal Electric Authority of Georgia (MEAG), who presented a power point presentation regarding MEAG's long-range power supply planning. In the next ten to twelve years, one of the best options for additional power would be nuclear. Mr. Johnston stated that at this time MEAG was only in the preliminary investigation stage and has not begun the process of applying for licensing. The entire process would take at least ten years to complete and the city would have ample time to decide whether to participate in the project.

This matter was Presented.

III. APPEARANCES:

IV. BLW OPERATING DEPARTMENTS:

Customer Care:

Electrical:

20050537 Electrical Manpower

Status update on Electrical Department manpower.

Electrical Director Chuck Ward gave a brief report regarding the status of manpower in the Electrical Department. Mr. Ward mentioned that there have been 19 positions lost since September 2004. Employees have retired, resigned or transferred to other departments. There are currently 13 vacancies in the department.

Some of the issues being faced are no incentives to retain employees, low salaries, and limited career paths. Several solutions are being investigated including cross training, encouragement of post high school education and incentives or rewards. In conclusion, Mr. Ward stated, that if we expect above average results and performance, we must hire above average employees, pay them above average salaries and reward their performance accordingly.

This matter was Reported.

Internal Services:

20050520 MEAG Power Supply Year 2004 Year-End Settlement

Motion to approve recommendations for handling the proceeds from the Municipal Electric Authority of Georgia (MEAG) Year-end Settlement for the Power Supply Year 2004 as follows: (1) to apply \$3,384,433.64 to the Short-Term Portfolio Operating Account, and (2) to authorize the Board Manager to withdraw a like amount from that account, crediting that amount to the cost of purchased power for FY05. (3) Also, to apply \$46,737.19 to the Economic Development Fund.

Internal Services Director Herb Edwards explained that the Municipal Electric Authority of Georgia (MEAG) customarily bills member cities on the basis of its board-approved budget for fixed costs. At the end of each calendar year, MEAG trues up the fixed costs to actual levels and calculates a settlement amount for each City.

For Calendar 2004, MEAG's audited true-up calculations indicate that Marietta Power is due a refund of \$3,384,433.64. Marietta Power has the option of assigning these funds to one or more of the accounts in the MEAG Competitive Trust; however, does not have the option of direct reimbursement. If the funds are deposited into one of the Flexible Operating Accounts, money can be withdrawn and applied for financial reporting purposes as credits to the FY05 power costs.

In addition, Marietta Power is due a refund in the amount of \$46,737.19 in the settlement of our Marketing Services account. The following options for the disposition of these funds are: 1) apply it to one of three categories of marketing services for Calendar 2005, or 2) apply it to the MEAG Local Economic Development Fund for use on such activities.

Staff recommendations are (a) to apply \$3,384,433.64 to the Short-Term Portfolio Operating Account, and (b) to authorize the Board Manager to withdraw a like amount from that account, crediting that amount to the cost of purchased power for FY05. Additionally, staff recommends applying \$46,737.19 to the Economic Development Fund.

Motion to approve staff recommendations for handling the proceeds from the Municipal Electric Authority of Georgia (MEAG) Year-end Settlement for the Power Supply year 2004 with the stipulation that this is not a permanent action.

The motion was made by Board member King, seconded by Board member Crimm, that this matter be Approved as Stipulated. The motion carried by the following vote:

Vote: 5 - 0 - 0

Approved as Stipulated

20050521 Municipal Electric Authority of Georgia (MEAG) Telecommunications Project 2004 Year-end Settlement

Motion to approve recommendation to opt to apply the Municipal Electric Authority of Georgia's (MEAG) Telecommunications Project 2004 Year-end Settlement in the amount of \$49,098.59 as a billing credit, and not to make this action a permanent recommendation for future Telecom distributions.

Herb Edwards explained that the Board of Lights and Water (BLW) has an investment interest in the Municipal Electric Authority of Georgia's (MEAG's) Telecom. We have been advised by MEAG that our share of the proceeds from MEAG Telecom's year-end settlement for the year 2004 is \$49,098.59. The BLW has the option of (1) assigning these funds to the Competitive Trust; (2) receiving

the distribution in the form of a check; or (3) receiving the distribution in the form of a credit to the Monthly MEAG Telecom bill. The BLW is also afforded the opportunity to have whatever choice is selected be made permanent unless we subsequently notify MEAG in writing of a change in desired treatment. Staff recommends to opt to apply this refund as a billing credit, however, does not recommend making this a permanent option.

A motion was made by Board member King, seconded by Board member George, that this matter be Approved. The motion carried by the following vote:

Vote: 5 - 0 - 0

Approved

20050522 Rates and Investments

Follow-up report on rates and investments.

Internal Services Director Herb Edwards presented a power point presentation on the Board of Lights and Water (BLW) rates and investments. Mr. Edwards stated that the capital investments have been steadily increasing. However, a comparison of BLW's pricing to that of Georgia Power and Cobb EMC shows that the price residential customers are paying has been declining. This is primarily due to a major increase in rates by Georgia Power, thus improving BLW's competitive position even as market prices increase.

This matter was Presented.

Marketing:

20050519 Marketing Report

A Marietta Board of Lights & Water Utility Marketing status report.

Customer Care Director Ron Mull presented an update on the Marketing activities for FY2005. There have been twenty new Customer Choice projects year to date. These are customers who had a choice of power supply and were given proposals by the Board of Lights and Water (BLW). Mr. Mull stated that nine of those projects were won, two have been lost and nine are still pending. Of those pending, two are expected to make a decision this month. Currently, the marketing department has an 81% win rate, which is expected to improve over the next few months.

This matter was Reported.

Water & Sewer:

20050523 Easements/ Whitlock Avenue Water Main Replacement

Motion to approve easements for the Whitlock Avenue Water Main Replacement project as presented.

Water and Sewer Director Robert Snelson presented a request for approval of the following easements associated with the Whitlock Avenue Water Main Replacement:

<i>Carl E. Hammock & John Elliott</i>	<i>1,200 SF Temp.</i>	<i>\$1.00</i>
<i>R. H. Homes Development, LLC</i>	<i>2,700 SF Perm.</i>	<i>\$1.00</i>
	<i>812 SF Temp.</i>	
<i>Charles E. Young</i>	<i>1,090 SF Perm.</i>	<i>\$3,500.00</i>
<i>Carl L. Smith</i>	<i>838 SF Perm.</i>	<i>\$2,500.00</i>
	<i>240 SF Temp.</i>	

A motion was made by Board member Crimm, seconded by Board member Coyle, that this matter be Approved. The motion carried by the following vote:

Vote: 5 - 0 - 0

Approved

20050524 Expedited Enforcement Compliance Order

Motion to authorize execution of the Enforcement Compliance Order, relating to unpermitted sanitary sewer discharges, with the State of Georgia Department of Natural Resources, and authorize payment of a settlement in the amount of \$12,750 to the Georgia DNR.

Robert Snelson explained that in 1998 the State of Georgia Environmental Protection Division (EPD) of the Department of Natural Resources (DNR) adopted a zero-tolerance policy regarding enforcement actions due to unauthorized sanitary sewer discharges. This resulted in the issuance of enforcement compliance orders after any sanitary sewer discharge violations. The BLW reported eight (8) unpermitted discharges between December 13, 2004 and April 4, 2005. In response, the EPD has issued an Expedited Enforcement Compliance Order requesting a settlement in the amount of \$12,750.00.

A motion was made by Board member King, seconded by Board member George, that this matter be Approved. The motion carried by the following vote:

Vote: 5 - 0 - 0

Approved

20050538 Whitlock Avenue Water Main Project/ Phase I

Motion to award a construction contract to K.M. Davis Contracting Co., Inc., in the amount of \$648,900, for the Whitlock Avenue 20-inch Water Main Replacement Project.

Robert Snelson presented a request to approve the Whitlock Avenue 20-inch Water Main / Replacement Phase 1, which includes the installation of 3,150 feet of 20-inch water pipe to replace the 20-inch concrete pipe along Whitlock Avenue from Old Dallas Road (east) to Kirkpatrick Drive (old). The project bid on April 27, 2005, and the following bids were received:

K.M. Davis Contracting Co., Inc. \$1,167,747.50
John Pruett Construction Co., Inc. \$1,710,474.50

Due to dramatic increases in pipe costs, these bids exceeded project estimates and budgets. Following a meeting with K.M. Davis, it was agreed to reduce the scope of the project and hold the bid unit prices. The revised project will replace 1,800 feet of pipe from Manning Road to Kirkpatrick Drive (old) for \$648,900.

Staff recommends awarding the construction contract to K.M. Davis Contracting Co., Inc. in the amount of \$648,900 for the Whitlock Avenue 20-inch Water Main Replacement project.

This matter was Approved.

V. CENTRALIZED SUPPORT:

Finance:

20050553 BLW Finance Reports

Review of the Finance reports for April 2005

Finance Director Monte Vavra reported that the financial reports for April 2005 by stating on page one, the total charges for services for the month were on budget at 100%. The actual amount year-to-date was \$93,933,000, which was up almost \$4 million from one year ago. This increase is primarily due to the electric charges for services. On page three, the income from operations was \$530,918 with a year-to-date amount of \$11,699,000, which is almost \$4 million higher than one year ago. On page four, the cash flow statement shows an inflow of \$166,549 with a year-to-date amount of \$4,195,000 as compared to one year ago at \$1,273,000.

This matter was Reported.

Management Information Systems:

VI. COMMITTEE REPORTS:

Budget Preparation Committee

20050525 Marietta Board of Lights & Water Fiscal Year 2006 Budget

Status report on the MBLW FY06 Budget from the May 5, 2005 Committee meeting.

John Kane, Senior Utility Analyst, provided an update on the FY2006 budget and presented a draft for review. Since the last Budget Preparation Committee meeting, there have been some reductions in the capital expenses in order to offset the proposed deficit of \$651,248.

The following options were presented during the budget meeting to balance the

budget: 1) to take a credit against year-end settlement received from the Municipal Electric Authority of Georgia (MEAG); 2) to take the proposed deficit amount from reserves; or 3) to reduce the amount from service projects on the electrical side only.

After discussing the matter the committee decided against option one because taking a credit against the year-end settlement has never been done; it did not seem prudent. Option two would deplete the reserves, which have been maintained at a healthy level thus far. The third option proved to be most effective, as it would not harm the services provided by the Electrical Department. The committee agreed to move forward with the model budget with a reduction in electrical services.

Motion to endorse the recommendation by the Budget Preparation Committee to approve the draft FY2006 budget with a reduction in the electrical service projects in the amount of \$651,248.

A motion was made by Chairman Dunaway, seconded by Board member Coyle, that this matter be Approved. The motion carried by the following vote:

Vote: 5 - 0 - 0

Approved

VII. CHAIRPERSON'S REPORT:

VIII. BOARD ATTORNEY'S REPORT:

IX. BOARD MANAGER'S REPORT:

20050527 Board Strategic Business Plan/ Investments

Deliverables for Board Strategic Plan 2005 Objective 5B.

Water and Sewer Director Robert Snelson presented a power point presentation regarding capital improvement projects that will be implemented by the water department in the next five years. Those projects include water line replacement program and the water meter replacement program. Funds have also been designated to wastewater rehabilitation and manhole replacements.

Electrical Director Chuck Ward went over several projects on the electrical side that will be implemented as well. New customer service and utility relocation will be the primary focus of the Electrical Department in the next five years. Funds have also been designated for other capital expenses such as vehicle replacement. All of these projects have been included in the long-range financial planning model to help determine such policies such as reserves, pricing, and capital improvement.

This matter was Presented.

X. OTHER BUSINESS:

XI. EXECUTIVE SESSION (at the Board's discretion):

20050556 Executive Session

Motion to enter an Executive Session to discuss legal, real estate and/or personnel matters.

The Executive Session was Not Held.

ADJOURNMENT:

The meeting was adjourned at 1:45 p.m.

Approved by City Council:

Date: May 11, 2005

William B. Dunaway, Mayor

Attest: _____
Shelia R. Hill, City Clerk

Approved by Board of Lights and Water:

Date: _____

William B. Dunaway, Chairman

Attest: _____
Shelia R. Hill, Board Clerk